

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

In re:

**PLC LITIGATION TRUST/
SPC LITIGATION TRUST,**

Debtors.

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**Case No.: 07-20027-C-11
Jointly Administered

(Confirmed Chapter 11)**

**SPC LITIGATION TRUSTEE'S OBJECTION TO
CLAIM NUMBER 425 OF THE BUCKEYE CONSERVANCY**

THIS IS AN OBJECTION TO YOUR CLAIM. THE OBJECTING PARTY IS ASKING THE COURT TO DISALLOW THE CLAIM THAT YOU FILED IN THIS BANKRUPTCY CASE. YOU SHOULD IMMEDIATELY CONTACT THE OBJECTING PARTY TO RESOLVE THE DISPUTE. IF YOU DO NOT REACH AN AGREEMENT, YOU MUST FILE A RESPONSE TO THIS OBJECTION AND SEND A COPY OF YOUR RESPONSE TO THE OBJECTING PARTY WITHIN 20 DAYS AFTER THE OBJECTION WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE OBJECTION IS NOT VALID. IF YOU DO NOT FILE A RESPONSE WITHIN 20 DAYS AFTER THE OBJECTION WAS SERVED ON YOU, YOUR CLAIM MAY BE DISALLOWED.

A HEARING HAS BEEN SET ON THIS MATTER ON NOVEMBER 30, 2009 AT 2:00 P.M. IN CORPUS, CHRISTI, TEXAS.

Avidity Partners LLC, as SPC Litigation Trustee (the "SPC Litigation Trustee") appointed under the MRC/Marathon Plan and SPC Litigation Trust Agreement ("SPC") files this Objection ("Objection") To Claim Number 425 of the Buckeye Conservancy ("Buckeye") and respectfully states as follows.

JURISDICTION

1. This Court has jurisdiction to hear this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(B)(2)(A), (B) and (O). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

PROCEDURAL BACKGROUND

A. The Plan and the SPC Litigation Trustee

2. On January 18, 2007 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors’ chapter 11 cases were procedurally consolidated for administrative purposes and are jointly administered under Case No. 07-20027.

3. By order dated July 8, 2008, this Court confirmed the First Amended Joint Plan of Reorganization for the Debtors, as Further Modified, With Technical Corrections, Proposed by Mendocino Redwood Company, LLC, Marathon Structured Finance Fund L.P., and the Official Committee of Unsecured Creditors (the “MRC/Marathon Plan”). The effective date of the MRC/Marathon Plan was July 30, 2008.

4. The MRC/Marathon Plan established a litigation trust for Scotia Pacific Company LLC (the “SPC Litigation Trust”). Avidity Partners, LLC was appointed as SPC Litigation Trustee pursuant to Section 8.6.2 of the MRC/Marathon Plan. *See* Confirmation Order, ¶ 11, p. 16. Pursuant to the MRC/Marathon Plan, The SPC Litigation Trustee has the right to object to Class 8 and Class 9 claims.

5. By order dated July 20, 2009, the deadline for the SPC Litigation Trustee to object to claims was extended until November 22, 2009 [Dkt. No. 4254].

B. Buckeye’s Proof of Claim

6. Buckeye’s claim was originally scheduled against the Scotia Pacific Company LLC (“SCOPAC”). On July 13, 2007, Buckeye filed Claim No. 425 (*See Exhibit A* hereto) against Pacific Lumber Company (“PALCO”) asserting an unsecured claim of \$4,706.74 for

services performed for PALCO. Pursuant to Court Order [dkt. 1910], Proof of Claim 425 was reclassified and the liability is scheduled against SCOPAC.

C. Objection to Claim

7. The liability is currently scheduled against the wrong debtor. The SPC Litigation Trustee seeks an order reclassifying Buckeye's Claim No. 425. Because Buckeye's claim arises from services performed for PALCO, as evidenced by the invoices attached to the proof of claim attached hereto, any liability should be against PALCO and Buckeye should not be entitled to any distributions from the SPC Litigation Trust.

8. The SPC Litigation Trustee reserves all rights to amend this Objection and assert additional objections against the claims of Buckeye on any other bases.

WHEREFORE, PREMISES CONSIDERED, the SPC Litigation Trustee respectfully requests that this Court (i) enter an order clarifying that Buckeye's Claim No. 425 has been allowed and paid pursuant to the MRC/Marathon Plan and shall receive no distributions from the SPC Litigation Trust and (ii) grant such other and further relief as this Court deems appropriate.

Dated: October 30, 2009

Respectfully submitted,

FULBRIGHT & JAWORSKI LLP

Johnathan C. Bolton
State Bar No. 24025260
1301 McKinney, Suite 4100
Houston, Texas 77010-3095
Telephone: (713) 651-5113
Facsimile: (713) 651-5246

And

/s/ Patricia Reed Constant

Patricia Reed Constant
Attorney & Mediator
One Shoreline Plaza
800 N. Shoreline Blvd., Suite 320 S
Corpus Christi, TX. 78401-3733
TEL: (361) 887-1044
FAX: (361) 887-1043

**COUNSEL TO THE
SPC LITIGATION TRUSTEE**